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SBI Funds Management Private Limited: [ICRA]AAAmfs assigned to SBI Magnum Low Duration Fund and SBI Magnum Ultra Short Duration Fund; ratings reaffirmed for three schemes

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. crore)	Rating Action
SBI Magnum Low Duration Fund	-	-	[ICRA]AAAmfs/[ICRA]A1+mfs; long-term rating assigned and rating of [ICRA]A1+mfs put on notice for withdrawal for one month
SBI Magnum Ultra Short Duration Fund	-	-	[ICRA]AAAmfs/[ICRA]A1+mfs; long-term rating assigned and rating of [ICRA]A1+mfs put on notice for withdrawal for one month
SBI Dynamic Bond Fund	-	-	[ICRA]AAAmfs; reaffirmed
SBI Liquid Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Overnight Fund	-	-	[ICRA]A1+mfs; reaffirmed
SBI Capital Protection Oriented Fund Series A Plan 7	-	-	Provisional [ICRA]AAA (SO); Outstanding
SBI Capital Protection Oriented Fund Series A Plan 8	-	-	Provisional [ICRA]AAA (SO); Outstanding
Total	**-**	**-**	

**Instrument details are provided in Annexure-1*

Rationale and key rating drivers

ICRA has assigned a credit risk rating of [ICRA]AAAmfs to SBI Magnum Low Duration Fund and SBI Magnum Ultra Short Duration Fund of SBI Funds Management Private Limited (the asset management company; AMC). The assigned rating is based on the portfolio of the schemes with the credit score of the portfolios being comfortable at the assigned rating level. ICRA has also put the short-term rating of [ICRA]A1+mfs on these schemes on notice for withdrawal for a period of one month, at the request of the client. This is in accordance with ICRA's policy on the withdrawal and suspension of credit ratings. Further, ICRA has reaffirmed the rating outstanding of [ICRA]AAAmfs on SBI Dynamic Bond Fund and the rating outstanding of [ICRA]A1+mfs on SBI Liquid Fund and SBI Overnight Fund following the monitoring of the credit risk profile of the month-end portfolio position of these schemes. The credit risk scores for these schemes were comfortably within the benchmark limits for their assigned rating level for the past 12 months.

The ratings indicate ICRA's opinion on the credit quality of the portfolios held by the funds. The ratings do not indicate the AMC's willingness or ability to make timely payments to the funds' investors. The ratings should not be construed as an indication of the expected returns, prospective performance of the mutual fund scheme, NAV or volatility in its returns.

ICRA's mutual fund rating methodology is based on evaluating the inherent credit quality of the fund's portfolio. As a measure of the credit quality of a debt fund's assets, ICRA uses the concept of 'credit scores'. These scores are based on ICRA's estimates of the credit risk associated with each exposure of the portfolio, taking into account its maturity. To quantify the credit risk scores, ICRA uses its database of historical default rates for various rating categories and maturity buckets. The credit risk ratings incorporate ICRA's assessment of a debt fund's published investment objectives and policies, its management characteristics, and the creditworthiness of its investment portfolio. ICRA reviews relevant fund information on an ongoing basis to support its published rating opinions. If the portfolio's credit score meets the benchmark of the assigned rating during the review, the rating is retained. In an event that the benchmark credit score is breached, ICRA gives a month's time to the debt fund manager to bring the portfolio credit score within the benchmark credit score. If the debt fund manager is able to reduce the portfolio credit score within the benchmark credit score, the rating is retained. If the portfolio continues to breach the benchmark credit score, the rating is revised to reflect the change in the credit quality.

Liquidity position: Not applicable

Rating sensitivities

Positive triggers – Not applicable

Negative triggers – ICRA could downgrade the ratings of the schemes if the credit quality of the underlying investment deteriorates or the size of the assets under management (AUM) declines, which may result in an increase in the share of lower rated investments and lead to a breach in the threshold for the rating level.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA- Mutual Fund Credit Risk Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

SBI Funds Management Private Limited (SBIFM), the asset management company for SBI Mutual Fund (SBI MF), was established in February 1992. It is a joint venture between SBI (rated [ICRA]AAA(Stable) on Tier II bonds) and Amundi, with 63% and 37% stakes, respectively, as on December 31, 2019. The AMC's quarterly average AUM for the quarter ended December 2019 was Rs. 3,52,631 crore[1].

SBI Magnum Low Duration Fund

Launched in July 2007, SBI Magnum Low Duration Fund (erstwhile SBI Ultra Short-Term Debt Fund) is an open-ended debt scheme. The investment objective of the scheme is to provide investors an opportunity to generate regular income with a reasonable degree of liquidity through investments in debt and money market instruments

[1] Source: Association of Mutual Funds in India (https://www.amfiindia.com/)

in such a manner that the Macaulay duration of the portfolio is between 6 months and 12 months. The AUM was Rs. 9,751 crore as on January 31, 2020 and the average residual maturity was ~10.0 months (0.83 years) on that date.

SBI Magnum Ultra Short Duration Fund

Launched in January 1999, SBI Magnum Ultra Short Duration Fund (erstwhile SBI Magnum Instacash Fund) is an open-ended ultra-short duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The scheme will invest its corpus in the entire range of debt and money market securities, in line with the investment objective to provide attractive risk-adjusted returns to its investors through the active management of the credit risk and the interest rate risk in the portfolio. The AUM stood at Rs. 13,854 crore as on January 31, 2020.

SBI Dynamic Bond Fund

Launched in February 2004, SBI Dynamic Bond Fund is an open-ended debt scheme investing across durations. The scheme's investment objective is to provide investors with attractive returns through investment in an actively managed portfolio of high quality debt securities of varying maturities. The fund's AUM stood at Rs. 1,250 crore as on January 31, 2020 and it had an average residual maturity of around 4.62 years on that date.

SBI Liquid Fund

Launched in November 2003, SBI Liquid Fund (erstwhile SBI Premier Liquid Fund) is an open-ended liquid fund with an investment objective to provide attractive risk-adjusted returns to its investors while maintaining a high degree of liquidity to the investments. The scheme will invest in the entire range of debt and money market instruments with a residual maturity of up to 91 days only. The AUM stood at Rs. 53,524 crore as on January 31, 2020 and the average residual maturity was less than 2 months on that date.

SBI Overnight Fund

Launched in October 2002, SBI Overnight Fund is an open-ended scheme investing in overnight securities. The objective of the scheme is to provide investors with the opportunity to invest in overnight securities maturing on the next business day. The fund's AUM stood at Rs. 12,668 crore as on January 31, 2020.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating 06-Mar-2020	Date & Rating 20-Sep-2019	Date & Rating 05-Aug- 2019	Chronology of Rating History for the Past 3 Years: Date & Rating in FY2019 22-Feb-2019	Date & Rating in FY2018 31-Jan-2018	Date & Rating in FY2017 08-Dec-2016
1	SBI Overnight Fund	Short Term	-	-	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs	-	-	-	-
2	SBI Dynamic Bond Fund	Long Term	-	-	[ICRA]AAAmfs; Reaffirmed	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs	[ICRA]AAAmfs
3	SBI Magnum Ultra Short Duration Fund	Short Term	-	-	[ICRA]AAAmfs/[ICRA]A1+mfs*	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
4	SBI Magnum Low Duration Fund	Short Term	-	-	[ICRA]AAAmfs/[ICRA]A1+mfs*	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
5	SBI Liquid Fund	Short Term	-	-	[ICRA]A1+mfs; Reaffirmed	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs	[ICRA]A1+mfs
6	SBI Capital Protection Oriented Fund Series A Plan 7	Long Term	-	-	Provisional [ICRA]AAA (SO); Outstanding	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAAmfs(SO)	-	-	-
7	SBI Capital Protection Oriented Fund Series A Plan 8	Long Term	-	-	Provisional [ICRA]AAA (SO); Outstanding	Provisional [ICRA]AAA (SO)	Provisional [ICRA]AAAmfs(SO)	-	-	-

***Note:** *long-term rating assigned and rating of [ICRA]A1+mfs put on notice for withdrawal for one month*

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	NA	NA	NA	NA	NA	NA

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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